GOVERNMENT OF INDIA
COAL AND MINES
LOK SABHA

UNSTARRED QUESTION NO:3245
ANSWERED ON:10.12.2002
INCREASE IN PRICES OF COAL
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Will the Minister of COAL AND MINES be pleased to state:

(a) whether it is a fact that the prices of coal in India are increasing while there are decreasing trends in international market;

(b) if so, the reasons therefore,

(c) the steps the Government propose to take to reduce the prices of coal;

(d) whether there is any planning to introduce a competitive market for coal in the country; and

(e) if not, the reasons therefor?

Answer

MINISTER OF COAL AND MINES (SHRI RAVI SHANKAR PRASAD)

(a) & (b): The cost of imported coal at the ports is, per se, more than the pit-head price of indigenous coal. However, the delivered price of indigenous coal upon transportation by rail over long distances becomes costlier than imported coal on per therm basis, mainly on account of the following factors:-

i) The indigenous coal is inherently of low heat value as compared to the imported coal.

ii) The indigenous coal by virtue of location of coalfields in the central and eastern parts of India requires transportation by rail over long distances and the railway freight rates for coal are substantially high.

iii) The imported coal is not subjected to royalty, sales tax and excise duty. The indigenous coal produced from the coal mines located in West Bengal is also subjected to the cesses levied by the Government of West Bengal.

(c): Government of India have already built in checks for Indian coal prices by virtue of liberalisation of coal imports under open general licence and availability of alternative fuels like gas, liquefied natural gas and petro-fuels in the country.

(d) &(e): In order to have a competitive market in the coal sector the Government of India has introduced the Coal Mines (Nationalisation) Amendment Bill, 2000 in the Rajya Sabha on 24.4.2000 with the objectives i) to allow the Indian companies to mine coal and lignite in the country without the existing restriction of captive mining, ii) to allow the Indian companies in the public and private sector to undertake exploration of coal and lignite resources in the country.